

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **IR RESOURCES LIMITED**

### **同仁資源有限公司**

*(Incorporated in the Bermuda with limited liability)*

**(Stock Code: 8186)**

## **SUPPLEMENTAL ANNOUNCEMENT 2017 FINAL RESULTS**

Reference is made to the results announcement (the “2017 Results Announcement”) of IR Resources Limited (the “Company”, together with its subsidiary, the “Group”) for the year ended 31 December 2017. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the 2017 Results Announcement.

The Company wishes to provide additional information on the impairment recorded in its consolidated financial statements as follows:

### **IMPAIRMENT ON THE GROUP’S INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT**

For the year ended 31 December 2017, the Group recorded an impairment loss of HK\$41.6 million on its intangible assets (mainly comprising the exclusive rights in respect of its forests in Cambodia, the “Exclusive Rights”). Such impairment is based on the valuation performed by an independent professional valuer engaged by the Company and for each of the years ended 31 December 2015, 2016 and 2017, the valuer has consistently used the excess earning method under the income approach to compute the valuation of the Exclusive Rights.

As described in the valuation report, there are three generally accepted valuation approaches, namely, the market approach, the cost approach and the income approach. Since there were not sufficient comparable transactions of similar assets for the valuer to adopt the market approach to conclude a reliable valuation of the Exclusive Rights and the cost approach would ignore the future economic benefits that could be derived from the Exclusive Rights, the valuer has considered the excess earning method under the income approach, which values the Exclusive Rights based on the present value of the cash inflow derived therefrom, is an appropriate method to value the Exclusive Rights.

Due to the decline in the selling price of the agricultural produce, the valuation of the Exclusive Rights had been further declined such that the carrying amount of the Exclusive Rights before impairment of HK\$41.6 million as at 31 December 2017 had been fully impaired. Accordingly, since certain buildings, roads and plant and equipment (the “Forestry Fixed Assets”) of the Group with carrying value of HK\$16.8 million (before impairment) as at 31 December 2017 could only be used in the Forestry and Agricultural Business and would not have any residual value, the recoverable amount of the Forestry Fixed Assets would be of no commercial value and the carrying amount was fully impaired.

#### **IMPAIRMENT ON THE GROUP’S INVESTMENT IN THE SOLAR POWER GROUP**

The impairment loss of the Group’s equity investment of HK\$6.8 million in the Solar Power Group was determined with reference to the Group’s investment cost and the net asset value of the Solar Power Group as at 31 December 2017. The Company was given to understand that the Solar Power Group had conducted a valuation on its power plants as and its net asset value as at 31 December 2017 had taken into account of the valuation. Therefore, the Company did not conduct valuation in respect of its equity investment in the Solar Power Group as at 31 December 2017 and the related impairment assessment was performed based on the then consolidated net asset value of the Solar Power Group. Due to the relocation of a power plant during the second half of 2017, certain plant and equipment of that power plant were disposed of and impaired. Accordingly, the net assets value of the Solar Power Group had been reduced and an impairment loss of HK\$6.8 million was recorded.

#### **USE OF PROCEEDS FROM THE COMPANY’S FUND RAISING EXERCISES**

The Company also wishes to supplement that (i) the proceeds of HK\$26.6 million from the placing in February 2017 was used as to HK\$4 million for the Group’s investment in a winery business, HK\$4.8 million for the Financial Services Business, HK\$1 million for the Online Cultural Business, HK\$8.2 million for the Forestry and Agricultural Business and the remaining HK\$8.6 million as the general corporate expenses of the Group; and (ii) HK\$2.8 million from the proceeds of the issue of the convertible bonds in October 2017 has been mainly used for the Group’s corporate expenses.

By Order of the Board  
**IR Resources Limited**  
**Chan Ching Hang**  
*Chairman*

Hong Kong, 19 March 2018

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Chan Ching Hang and Mr. Zeng Lingchen; and three independent non-executive Directors, namely, Mr. Hong Bingxian, Mr. Hung Kenneth and Ms. Pang King Sze, Rufina.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for seven days from the date of its publication and on the website of the Company at <http://www.irresources.com.hk>.*